

~~SECRET~~

SUBJECT: NIE 36.1-1-77: EGYPT -- 1977

- I. The Problem: To assess the pressures and constraints that will affect Egyptian strategy toward Arab-Israeli negotiations in 1977 -- their timing, their objectives, the manner in which they are conducted, and Egypt's relationship with other nations in pursuing them.
- II. The Domestic Setting: Pressure or Constraint?
 - A. The Economy.
 1. State of the economy at the end of 1976.
 - In what ways does it affect the Sadat government's strategy toward negotiations?
 - What is the extent of Egypt's dependence on outside financial aid? What are the principal sources of aid?
 - What is the status of Egypt's efforts to solve its financial problems in both political and economic terms?
 2. Economic outlook for 1977.
 - What economic policies will be necessary? What aid will be necessary?
 - What will be the political feasibility of implementing those policies?
 - Will implementing those policies make it easier or harder to make the difficult decisions negotiations with Israel might require?
 - B. Outlook for Sadat's internal political leadership.
 1. Analysis of support for and opposition to Sadat among general population and in key groups including the military.
 2. Are major demonstrations or other more serious forms of opposition likely to develop in 1977 in such a way as to affect Egypt's ability to negotiate with Israel? How?
 3. How will domestic support or opposition affect Egypt's relationships with other Arabs, the US, the USSR?

~~SECRET~~

SECRET

III. The Military Situation.

- A. Projected changes in Egypt's military capability in 1977. What is Egypt's capability to take military action against Israel?
- B. Probable courses of action in regard to procurement of military supplies and equipment in 1977. Can Western European suppliers meet Egypt's needs? If not, does Egypt have any alternative but to turn to the USSR?
- C. How serious for Sadat's ability to negotiate with Israel are the attitudes of Egypt's military leadership?

IV. The International Setting.

A. Regional.

- What are the pressures on Egypt to maintain the recently restored "moderate coalition" of Egypt, Syria, Saudi Arabia (and Jordan)? What pressures might drive a wedge again between Syria and Egypt?
- To what extent is Egypt dependent on Saudi Arabia?
- Is the cooperation with Iraq and Libya during the Lebanese civil war likely to be resumed?
- Are relations with Libya likely to affect Sadat's freedom to negotiate?
- What are Egypt's real foreign policy aims in the Arab world? Can Egypt cooperate with Syria, or would a new step toward Jordanian-Syrian federation arouse Egypt's suspicions anew?
- What is Egypt's real policy toward the Palestinians?

B. Global.

- How deep is Sadat's animosity toward the USSR? How strong is the compulsion to redress its balance with the USSR? To what extent will Sadat feel compelled to include the USSR in the peace progress? Why? What different policy might a post-Sadat government follow in 1977?
- To what extent is Western Europe important to Egypt?

SECRET

SECRET

-- Egypt will stay close to the US as long as the US plays a leading role in peace negotiations. To what extent has the Egyptian-US relationship broadened and deepened economically so as to give Egypt an incentive to maintain some relationship (like the US-Algerian relationship, for instance) even if the political relationship cools?

V. Implications for US policy?

- A. How long can Sadat wait to determine what US policy toward Arab-Israeli negotiations will be?
- B. Could he participate in negotiation of another interim agreement? Alone? With Syria?
- C. Could he participate in a negotiation with Syria but without the PLO at the outset?
- D. Could he participate in an agreement which led to the full normalization of relations with Israel? Alone? With Syria? Without the PLO?



DEPARTMENT OF STATE

Washington, D.C. 20520

November 19, 1976

NIO/ME - Mr. Blee

Dave:

Attached is a rather drastic revision of your outline for NIE 36.1-1-77: Egypt-1977. We sent your outline to Hal with some revision of our own, and Hal took the process several steps closer to the concerns of the policy maker. Although the new version might strike you as too much involvement in an assessment of various policy options, we think that it is important to build this perspective into the NIE. In this way, the NIE will be of maximum utility to the policy makers and still deal with the basic political, economic, and international issues.

We are open to your suggestions, of course.

Phil
Philip H. Stoddard
INR/RNA